

GUIDELINES-USE OF IN-KIND MATCH

Reference:

[Title 43, Part 12, Section 12.64](#) of the Code of Federal Regulations contains the basic policies for cost sharing or matching including the use of in-kind match.

Definition and Criteria

The State share of Federal Aid project costs can be other than a cash outlay for project expenditures. These non-cash contributions, referred to as in-kind contributions, may consist of grantee contributions such as property or depreciation of equipment, or third party contributions including services, equipment, or property. Contributions of cash by a third party are not considered in-kind contributions but rather make up part or all of the grantee cash contribution.

To qualify as in-kind the following conditions apply:

- ! Must be necessary and reasonable for accomplishment of project objectives.
- ! Cannot be from a Federal source.
- ! Cannot be program income.
- ! Cannot be used to match another Federal grant.
- ! Must be an allowable cost; i.e., the costs would be allowable if the grantee were to pay for them.
- ! Must be applicable to the grant period to which the cost sharing requirement applies.

In-kind contributions must be documented and verifiable in the grantee's records. Records must be maintained to support the valuation placed on the in-kind contribution.

Allowability

The criterion for the allowability of in-kind contributions is the same as for any other project cost; i.e., the cost is necessary and reasonable for the efficient accomplishment of project objectives. A good test for this is to ask: "Would it be necessary to buy the service or property in order to accomplish the project objectives, and is the cost (value) reasonable for this purpose"?

Valuation

Donated Services:

Volunteers - Unpaid services provided to a grantee by an individual are valued at the pay for similar work in the grantee's organization. Request a valuation by your personnel staff of the job or, if the job is foreign to your agency, use minimum wage or seek private market value of the work. A reasonable amount may be included for fringe benefits. Services provided by grantee agency staff, regardless of their duty status, are valued at the actual cost to the agency (these are grantee costs and are not considered in-kind contributions.)

Employees of other organizations - When another organization furnishes, free of charge, the services of an employee in that employee's line of work, the services are valued at the employee's regular rate of pay exclusive of fringe benefits and overhead costs. If the services

are in another line of work, then the value is calculated in the same manner as that for volunteers. The time of Federal employees on duty cannot be used as in-kind.

Donated Use of Equipment/Space/Property: (Title is retained by the donor)

Equipment or space - Equipment or space is valued at its fair rental rate in the market. State motor pool rates may be used for vehicles and rolling stock.

Land - If only the use of the land is required, and ownership is not necessary for grant purposes, then fair market rental of the land is used as the in-kind match. Materials or equipment purchased or developed with Federal funds cannot be used as in-kind match. For example, Sports Fishing Institute, Sportfishing Promotion Council, American League of Anglers and Boaters, et al., donated materials, if produced with Federal Aid administrative grant funds, cannot be used as in-kind match.

Donated Supplies/Equipment/Real Property/Water Rights: (Title passes to the Grantee)

Supplies - Supplies are valued at their market value at the time of donation.

Equipment, buildings, and water rights - The fair market value of equipment, buildings, and water rights at the time of donation may be used for in-kind match.

Land or Buildings - If fee title ownership of land is necessary for the accomplishment of grant purposes, the appraised market value of the land may be counted as match.

Grantee-Owned Real Property - The valuation of grantee-owned real property (including water rights) is the current market value (assuming that these items were not purchased with Federal funds.)

Grantee-Owned Equipment -The use of grantee-owned equipment is an allowable cost, but is not treated as in-kind.

Note: *Use an independent appraiser to determine fair market value of land, buildings, or water rights (or the rental value of land or buildings.)*

Documentation

The Grant Proposal and Grant Agreement must clearly establish that the inkind contribution is necessary and reasonable for the accomplishment of grant objectives and provide specific information on in-kind match.

Grant Proposal - In the cost section of the project statement, describe the inkind to be used, the source, the valuation method, and an estimate of the dollar amount anticipated over the life of the Grant Proposal.

Grant Agreement - (If not covered in the Grant Proposal, describe the in-kind, the source, and the valuation method). Indicate that the State share will include in-kind and provide an estimate of the amount. If the amount or type of in-kind changes or if additional in-kind sources will be used during the Grant Agreement period, notify Federal Aid in writing. A Grant Agreement Amendment is required if the Federal share (Federal funds obligated) is changed.

Annual Fiscal Report - Report the exact amount of in-kind match used.

Annual Performance Report - Report the in-kind contribution and estimated dollar value. Exercise as much care in documenting in-kind contributions as you would any other costs. If an in-kind contribution is disallowed it has the same effect as the disallowance of any other cost; i.e., the grantee has been overpaid and a cost adjustment is necessary. Maintain documentation that supports the basis for determining the values used such as appraisal reports for land, building, and water rights. Keep time and attendance records for volunteers similar to those maintained for regular State employees.

Allowable Uses for Excess In-Kind

When the value of in-kind contributions exceeds the required State match for an activity described in a project statement, the excess can be applied to similar activities within the project statement. Several examples are listed below:

- ! The value of land contributed or purchased with non-Federal funds may be used to match purchases of contiguous parcels or other lands within the boundaries of a management area, preserve, or refuge. Land not related to a management area or unit cannot be used as match for acquisition in that area.
- ! Volunteer Hunter Education instructor time for classroom training cannot be applied as match for the construction of shooting ranges.
- ! Volunteer fishing clinic instructor time may be used for related activities, but cannot be applied as in-kind match for the development of an aquatic ecosystem interpretive center.
- ! Land and/or services donated to construct a boating access site may be used at that site, but not at other sites.
- ! Volunteer services contributed for creel census on a lake may be applied to similar work on another lake or a river described in the same project statement, but cannot be applied to dissimilar work such as lake fertilization or fish stocking activities in the same areas.

Using Excess In-Kind in Future Funding Periods

When the value of in-kind contributions exceeds the 25 percent required for the State share, the excess can be used in future funding periods under limited conditions. The major exception is that donated services must be applied during the grant period in which they were donated and cannot be accumulated or carried over into subsequent periods. Some examples follow:

- ! In-kind contributions of equipment, materials, property, or facilities may be carried over throughout subsequent years of a project, as long as the project benefits from the use of the contribution, until the total value of the contribution is exhausted. For example, if \$90,000 worth of fishing gear was received for an angler education program in 1992, that in-kind value may be applied to angler education activities using the gear in subsequent years until the \$90,000 value is used up--in years when the donated items are not used, the value cannot be claimed as in-kind.
- ! The value of a contribution of land may be used to match purchases of contiguous land (or land within the boundaries of a management area) in subsequent years until the value of the contributed land is exhausted.
- ! The value of services by volunteer hunter education instructors may be used during the applicable grant period, but not during subsequent periods.

Miscellaneous Examples

- ! A third party contributes the use of a bulldozer (the State pays for the fuel used). The value of the in-kind contribution would be the fair market rental rate of the bulldozer.
- ! The matching value of contributed convict labor cannot exceed what the grantee would have to pay for similar work on the open market. Convict labor is often provided at less than the market value of the work they perform. If the prison system charges the agency, then the charge is an allowable project cost.
- ! Fishing tackle or other equipment is purchased at a discount price. The difference between the discount price and the regular retail price cannot be claimed as in-kind match.

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